

Utah State Building Board



MEETING

May 7, 2003

MINUTES

Utah State Building Board Members in attendance:

Keith Stepan, Chair
Kay Calvert, Vice-Chair
Steven Bankhead
Kerry Casaday
Haze Hunter
Larry Jardine
Manuel Torres
Lynne Ward

DFCM and Guests in attendance:

Joseph A. Jenkins	Division of Facilities Construction and Management
Kenneth Nye	Division of Facilities Construction and Management
Kent Beers	Division of Facilities Construction and Management
Alan Bachman	Division of Facilities Construction and Management
Dave Williams	Division of Facilities Construction and Management
Blake Court	Division of Facilities Construction and Management
S'ean Crawford	Division of Facilities Construction and Management
Francis Xavier Lilly	Division of Facilities Construction and Management
David F. Tanner	Southern Utah University
Melanie Nelson	VCBO Architecture
Linda Hone	Spectrum Engineers
Ron Nielson	Division of Wildlife Resources
Bob Askerlund	Salt Lake Community College
Chad Duke	Salt Lake Community College
Roger Jackson	American Institute of Architects – Utah Chapter
Ron Haskell	Utah National Guard
Brad Clawson	University of Utah
Mike Perez	University of Utah
Jim Michaelis	Utah Valley State College
Ken Frank	Department of Public Safety
Karen Hale	Utah State Senate

Chad Campbell	Bridgerland Applied Technology College
Stan Plewe	Dixie State College
Kim Wixon	Department of Health
Mike Wollenzein	Utah State Office of Rehabilitation
Ralph Becker	Utah State House of Representatives
Greg Peay	Department of Corrections
Darrell Hart	Utah State University
Brent Windley	Utah State University
Representative Loraine Pace	Legislature
Senator Bev Evans	Senate

On Wednesday, May 7, 2003, the Utah State Building Board held a regularly scheduled meeting in room 129 of the Utah State Capitol in Salt Lake City, Utah. Chair Keith Stepan called the meeting to order at 9:02 am.

Chair Stepan thanked Haze Hunter for his eight years of participation on the Building Board, stating that he performed a great public service by serving on the Board.

Joseph Jenkins stated that he appreciated the experience that Haze Hunter brought to the Building Board. Mr. Jenkins stated that he and Mr. Hunter served in the Legislature together. Mr. Jenkins served on the Capital Facilities Appropriation Subcommittee, when Mr. Hunter was chairman. He stated that much of the progress on how the appropriations process works can be attributed to Mr. Hunter's forward thinking. Mr. Hunter has brought a wonderful perspective and has made a great contribution to the Building Board.

Mr. Hunter stated that he has enjoyed his eight years on the Building Board. He thanked the Building Board for their work.

Chair Stepan noted that Mr. Hunter successfully represented Southern Utah and never failed to compromise the needs of the entire State while serving on the Board.

Chair Stepan invited Camille Anthony, Executive Director of the Department of Administrative Services, to make an announcement. Ms. Anthony announced that the Department has appointed Keith Stepan as Director of DFCM effective June. There will be some crossover time as Keith takes on the new responsibilities. Ms. Anthony stated that Chair Stepan recently retired from the Church of Jesus Christ of Latter-day Saints as the Managing Director for temple construction projects, overseeing the construction of 67 temples in four years. Furthermore, Chair Stepan has worked on the Salt Palace, Crossroads Mall, the Huntsman Center, the BYU Marriott Center, and various buildings in public and higher education. Ms. Anthony stated that she looks forward to his inclusion as part of the Department team. DAS is working with the Governor for replacement Board members. She thanked Mr. Stepan for his willingness to take the new appointment and

thanked Mr. Jenkins for his participation as Director of DFCM.

Chair Stepan thanked Ms. Anthony for the opportunity, saying that it would be great to continue on in the construction and architecture discipline.

Chair Stepan offered Mr. Jenkins a memento on behalf of the Building Board and the DFCM staff, thanking him for his outstanding job as both a member of the Building Board and as Director of DFCM. Mr. Jenkins thanked the Building Board for their friendship and collaboration.

☐ **APPROVAL OF MINUTES OF MARCH 19, 2003.....**

Mr. Hunter stated that on the last paragraph, under the section entitled "other items." The reference of "\$1.2 million" should be changed to "\$1.2 billion."

MOTION: Kerry Casaday moved to accept the minutes of February 5, 2003, with the amendments as previously noted. The motion was seconded by Lynne Ward passed unanimously.

☐ **ALLOCATION OF FY 2004 CAPITAL IMPROVEMENT FUNDS.....**

Mr. Jenkins introduced Kent Beers to make the presentation on this item. Mr. Beers stated that the Legislature appropriated \$42,714,700 in capital improvement funds. DFCM has made recommendations to the Building Board as to how those funds should be allocated. DFCM has followed the process as approved by the Building Board previously for the distribution of improvement funds. DFCM has reviewed all of the projects listed, working with the agencies in making the recommendations. Mr. Beers invited the Building Board to review a sheet entitled "Summary of Replacement Costs of Facilities Versus Share of FY 2004 Capital Improvement Funding." In FY 2004, Higher Education received \$23,753,000 of the total improvement funds, state agencies received \$15,171,600. The remaining \$3,790,100 went to statewide funding issues, including roofing and paving, conditions assessments, and hazardous materials abatement.

Mr. Beers noted that 61% of the FY 2004 improvement funds went to higher education institutions, and 39% to state agencies.

The Building Board also received a summary of capital improvement funding for the last four years, showing the allocations for each institution of higher education and all state agencies, comparing percentages they received over the last five years.

The Building Board was given a sheet listing all the recommendations for FY 2004. Mr.

Beers read the funding totals for each agency, and noted the following special circumstances:

\$620,500 funded for the Business Building Upgrade at Snow College was previously authorized by the Building Board. The remodel will be completed in time for the fall semester.

The Southern Utah University South Hall and Arts Studio Replacement will be discussed later on in the agenda. The Building Board authorized DFCM to proceed on the project. The project is well underway, on-time, and under budget.

DFCM notified the Building Board at its March 19, 2003 meeting that the Utah State Fairpark Deseret Building was in dire straits. DFCM was then investigating working with the State Historical Preservation Officer on whether to restore or demolish and reconstruct the building. DFCM decided that the best course of action was demolition and new construction. The old building was demolished. A contractor will be selected on May 15, 2003 and the project will be underway for completion in time for the Fair.

There is a strong possibility that DFCM will take over the maintenance of the National Guard armories. DFCM has discovered that there are two reasons why the National Guard has been unable to maintain the standard of maintenance for their armories: 1) They have a lack of O&M funding, and 2) they lack adequate staff to visit the remote locations outside the Wasatch Front on a regular basis. \$450,000 is intended to be a one-time funding to go to DFCM's maintenance operation that would pay a portion of the fee required to operate and maintain the armories. DFCM has staff located in every region where the armories are located. Maintenance fees would be paid through the internal service fund.

The National Guard also includes an item entitled 'miscellaneous improvements.' If DFCM takes on the maintenance of the armories, there is a high possibility of discovering emergency repair needs. The miscellaneous improvements line item will be dedicated to the emergency improvement needs that are anticipated.

Chair Stepan stated that the maintenance delegation item will be discussed at a later meeting, when the National Guard can be better represented at the meeting. The numbers are as yet preliminary.

Larry Jardine asked if the maintenance appropriation would be in place only if DFCM would take over the delegation. Mr. Jenkins replied that the funds will be reallocated if they are not used for the maintenance delegation.

Mr. Hunter asked if DFCM has the Governor's support in the maintenance delegation. Mr.

Jenkins replied that the Legislature and the Building Board have set a maintenance standard. DFCM has determined that the armories have not been kept up. DFCM notified the National Guard six months ago that if there was no improvement, DFCM would take back the maintenance delegation. In the intervening time, they have not received additional funding. The only issue is that General Tarbet has not yet had input on the matter.

Ms. Anthony stated that a meeting is scheduled for May 13 to discuss the delegation and to give the General a chance for input.

Mr. Jenkins mentioned that many National Guard buildings rely on federal funds. The National Guard needs to be sure that the funds will not be lost if they contract with DFCM to do the maintenance work.

Chair Stepan clarified that the cancellation of the maintenance delegation would only affect the armories in remote areas.

The Bureau of Reclamation will match a state contribution of \$1,000,000 to fund Parks and Recreation reclamation projects.

Lynne Ward asked which projects are targeted for funding. Kent Beers replied that he is uncertain, but will let her know.

Mr. Beers stated that it is recommended that the Building Board make some time available for input from higher education institutions and state agencies. Barring any changes that the Building Board may make after receiving comment, DFCM recommends that the Building Board approve the recommended funding of FY 2004 capital improvement funds.

Chair Stepan stated that the requests for improvement funds totaled \$130,000,000. The legislature only approved \$42,714,700 based on the 0.9% formula. He stated his hope that the formula will be raised to 1.1% next year. He invited the Building Board to raise questions or issues.

Steven Bankhead stated that it would be helpful to have a short list of projects that failed to make the funding recommendation. Mr. Jenkins mentioned that the list received by the Building Board includes a list of many of the agency or institution requests. Mr. Bankhead asked if the request were prioritized. Mr. Jenkins replied that, in the past, DFCM tries to match the percent funding to the replacement cost of the buildings.

Mr. Beers stated the he has a priority of projects that would be funded next if more funds became available.

Mr. Jardine asked if the listing of request items is complete. Mr. Beers stated that he listed representative projects for each agency, but that the list has been shrunk.

Ms. Ward asked about the funding for the Central Utah Correctional Facility Sewer Line Upgrade at \$900,000. She stated that DFCM has spent funds on sewer line upgrades. At that time there was a lot of discussion with Gunnison City that the city would pay for infrastructure once the facility was built. Mr. Jenkins replied that there have been substantial negotiations since that first agreement. Gunnison made some promises to the state that helped the state decide to site a new prison in Gunnison. Currently, the state is the biggest user of water. On some days, when there is a large amount of effluent, there are homes along the line that get flooded. Gunnison has sought to renegotiate some of the agreements they made with the state when the prison was built. They hired a firm to design a new sewer line at a total cost of \$1.5 million. Gunnison suggested that the State pay 88% and the city would pay 12%. The state started negotiating with Gunnison, and explored the possibility of building an independent sewer system for the prison.

DFCM and Gunnison has negotiated an agreement whereby the State would pay 60% and Gunnison would pay 40%. The state would be entitled to a certain capacity on the line. DFCM is satisfied that the capacity will handle the prison's needs for the future. In addition, the prison has endeavored to conserve water and to be more efficient in the way effluent goes into the system. The prison has made use of holding ponds to provide for the more even discharge of effluent. Gunnison wishes to renegotiate the current memorandum of understanding if the state houses more than 2,000 prisons. The state argued that a renegotiation should be tied to effluent flow, not the number of prisoners. The state wants to make sure that the line is constructed effectively, so DFCM has suggested that it manages the project to ensure proper construction. Mr. Jenkins stated that the 60/40 agreement is reasonable as long as those conditions are met.

Ms. Ward asked if DFCM has been involving the Attorney General's Office in the negotiations. Mr. Jenkins replied that he has relied on DFCM's counsel, Alan Bachman and Cheryl Reber of the Attorney General's Office

Chair Stepan solicited comment from agencies and institutions.

Mark Spencer from the Commissioner's Office stated that he appreciated the support and effort of Kent Beers and DFCM in compiling the lists.

Chair Stepan thanked Mr. Beers for his work.

MOTION: Haze Hunter moved to accept DFCM recommendations for the allocation of FY 2004 Capital Improvement Funds. The motion was seconded by Larry Jardine passed unanimously.

☐ REALLOCATION OF CAPITAL IMPROVEMENT FUNDS AT USU

Mr. Beers stated that DFCM recommends that the Building Board reallocate \$200,000 from FY 2003 capital improvement funds from the USU campus safety lighting project to the FY 2004 technical support services renovation project. The campus lighting project is a several-million dollar need that is ongoing and has been partially funded in the past. A more pressing need has been identified. \$200,000 in FY 2004 funds will be applied for the technical support services renovation, and DFCM is looking for additional funds from FY 2003 to be reallocated.

The project will renovate the north side of the campus services building for the technical support unit. The technical support services staff is currently located in temporary space and the renovation will provide them with a permanent location. DFCM supports USU's need.

Chair Stepan invited Darrell Hart for additional comments. Mr. Hart confirmed that the money allocated for the campus safety lighting project is not being used.

Manuel Torres stated that he is concerned at the reallocation of funds. He suggested that reallocations should be approved for those projects that are more closely related.

MOTION: Manuel Torres moved to reallocate \$200,000 of FY 2003 funds from the USU campus safety lighting project to the FY 2004 technical support services renovation project. The motion was seconded by Steven Bankhead and passed unanimously.

Mr. Jardine asked if the FY 2004 funding would remain in place until it is used. Chair Stepan replied that the funds will remain until they are used or reallocated with the approval of the Building Board.

☐ REALLOCATION OF CAPITAL IMPROVEMENT FUNDS AT SUU

Mr. Beers stated the DFCM recommends that the Building Board reallocate \$550,900 in capital improvement funds from the Old Main Building restoration project and Braithwaite Building seismic study to the FY 2004 South Hall replacement project at SUU. DFCM also recommends that the Building Board approve the combining of the Art Studio building

replacement and the South Hall replacement project in order to take advantages of construction economies, thereby saving the state money and making for a more functional facility.

The funds from the studies are left over from a project funded years ago. The studies have been used to proceed on the Braithwaite Building seismic stabilization. DFCM would like to put the unused funds into production toward the South Hall Replacement. The Old Main building is on hold while the Braithwaite Building is in progress. DFCM has confirmed to SUU that the Old Main building will be funded when SUU is ready.

DFCM approached the board about the old South Hall building, which needed to be demolished and reconstructed. SUU used an old house adjacent to the South Hall which they used as an art studio. The art studio was not up to code and also needed to be demolished and reconstructed. Both building have been razed. DFCM would like to attach the art studio project as an addition to the new South Hall to take advantage of the HVAC system and existing restroom facilities in the South Hall project.

Mr. Jenkins stated that DFCM is bringing the issue back to the Building Board because it has not yet approved the art studio projects. Combined, the two projects come in at \$1.7 million, over the \$1.5 million limit on capital improvement funding. DFCM considers the South Hall and Art Studio addition to be two separate projects.

Chair Stepan stated that the Building Board has two considerations: 1) the reallocation of \$550,900 and 2) the addition of the art studio to the South Hall project.

MOTION: Haze Hunter moved to reallocate the capital improvement funds for SUU and to add the art studio project to the existing South Hall Project. The motion was seconded by Steven Bankhead.

Mr. Casaday asked on the relationship between the request of \$200,000 in FY 2004 improvement funds for the South Hall project and the DFCM recommendation of \$669,100.

Mr. Beers replied that SUU initially requested \$200,000 to upgrade the HVAC system and to do some minor remodeling in the existing South Hall. The University was going to add \$50,000 of their funds. As DFCM assessed the building, it determined that it would not be feasible to remodel the building and to perform necessary life-safety upgrades.

Chair Stepan invited Dave Tanner from SUU for his comments. Mr. Tanner stated that he appreciated Mr. Beers' work on the South Hall project and that the reallocation would be a good use of State funds. Chair Stepan confirmed that SUU is comfortable with combining the art studio with the South Hall.

The motion passed unanimously.

☐ OPERATIONS AND MAINTENANCE BUDGET REQUEST MODEL.....

Mr. Jenkins stated that this matter is part of a study initiated by the Building Board and the facilities coordinators from institutions of higher education – the Utah Association of Physical Plant Administrators (UAPPA). The Board was discussing why O&M costs varied so greatly from institution to institution. UAPPA set out to develop a sensible formula to better identify O&M needs for buildings. Mr. Jenkins stated that Ken Nye of DFCM has participated on the committee working on the model.

Mr. Nye stated that, at the capital development hearings in October, the Building Board requested that DFCM work with UAPPA to arrive at a standardized method of estimating O&M costs. Mr. Nye recognized the core group that worked on the project: Dennis Geary of CEU, Pete Vanderhave and Mike Perez from the University of Utah, Darrell Hart and Brian Anderson from Utah State University. Mr. Nye stated his condolences on Mr. Anderson's passing. Additionally, Mark Spencer from the Commissioner's Office assisted on the project.

The proposal has been discussed with the full UAPPA group. They have concurred with the findings. The proposal has been presented to the Board of Regents Finance, Facilities, and Accountability Committee on April 18, 2003. They have endorsed it in principle. They plan on formally approving the model at their May 30 meeting. The committee is making the model available for public comment. Pending Regents' approval, DFCM would like to seek formal Building Board approval at the June meeting.

The model breaks down the maintenance costs into three categories: 1) maintenance and repair, including preventive maintenance; 2) operations, including janitorial and utilities other than fuel and power; and 3) fuel and power. Maintenance costs were broken down to identify the categories that tended to vary depending on the type of project. The committee identified five different building types and established a different set of values for each type. The committee found that a number of other entities nationwide were basing their O&M costs as a percentage of the current replacement value. The committee found that it worked adequately to adjust the O&M rate over time as costs change. More expensive buildings tend to have more complex systems that cost more to maintain.

National studies indicated that a range of 2-4% was appropriate, depending on building type. The committee held to the lower end of the range and adjusted for the impact of capital improvement funding. Improvement projects were often included in the O&M

projects reviewed in the studies. The committee set separate percentages for each building type in the maintenance and repair categories.

The fuel and power category was set as a cost per square foot. Fuel and power needs are funded separately in the higher education funding system. There is good information on each of the campuses on fuel and power costs measured against building type. The committee proposed that the percentages for maintenance, repairs, and operations remain at current levels for a number of years.

DFCM offered some examples of projects approved at the last legislative session to the Building Board. The amounts arrived at in the formula were either similar to or less than the requests made by the institution, indicating the conservativeness of the committee's approach.

In the case of a renovation, DFCM would estimate the cost of a replacement facility to use as the basis of current replacement value. The Commissioner's Office would identify an institution's current O&M funding level, which would be deducted from the amount produced from the formula. Mr. Nye stated that he would be happy to respond to questions.

Chair Stepan noted that the study was extensive. He offered Dennis Geary an opportunity to make a comment.

Dennis Geary stated that the database used to develop the model was built from information provided from each institution.

Chair Stepan stated that the Building Board has a month to review the matter.

Ms. Ward stated that one of the requests for O&M funds last year was a reimbursement request. The issue is something to scrutinize outside the formula. Mr. Jenkins stated that institutions have used O&M funds for other programs.

Kay Calvert asked what happens when O&M funds have been allocated for a building and the funds are not used as originally planned for, as in when a building is demolished. Mr. Nye replied that most of those situations go through the capital development process, whereby O&M rates are adjusted. DFCM would compare the funding for an existing building against the need for a replacement facility. Institutions do not keep funds separate for each building.

Ms. Ward stated that the Legislature does not fund increases. Institutions and state agencies are forced to make savings when O&M costs are unexpectedly exceeded.

Savings are often offset by higher costs in other categories.

Kevin Walthers stated that all but one institution are spending more money than they have been appropriated to fund O&M.

Mr. Nye stated that O&M funding is at too low a level, which has an impact on capital improvement requests. DFCM is considering applying the model to existing buildings to see how current funding levels meet the need.

Chair Stepan requested that the Building Board individually study the item for further discussion at the next meeting. Mr. Nye requested that Board members contact him directly if they have any questions or comments prior to the next meeting.

❑ PROGRAMMING OF HEALTH SCIENCES BUILDINGS AT DIXIE STATE COLLEGE AND SALT LAKE COMMUNITY COLLEGE

Mr. Jenkins stated that there were requests for health sciences buildings at Dixie State College and Salt Lake Community College, neither of which were funded. There was also a request to do programming for the Dixie facility, which also was not funded. DFCM now has money in its planning fund to do programming. The Building Board has determined in the past that if the institution is willing to come up with half of the money, DFCM could draw from the planning fund for the remainder of the funds. DFCM is recommending that it hire one consultant to do the programming for both buildings. The total cost is expected to be \$100,000 at each campus. The campuses are willing to put forth \$50,000 each to start the programming.

Mr. Jenkins stated that DFCM wants to move ahead because of the nursing shortage in the state. If the schools are to get in the line for capital development funding, they need to have the programming completed, so that the Board can make a better determination based on the completed programs as to the need of the facilities.

Chair Stepan recognized Representative Lorraine Pace and Senator Beverly Evans.

Representative Pace asked if a one month delay in making the decision would be critical. Mr. Jenkins stated that DFCM could delay the decision by one month.

Representative Pace stated that there are still some unresolved issues in the appropriations process. The Building Board evaluates projects individually, not in the context of an institution's total needs. Rep. Pace stated that she discussed campus needs with the Commissioner's Office, as the Building Board and the Legislature expect to have the most critical needs evaluated by the time the proposals reach them. It is difficult for

legislators to obtain a list of projects that they believe are not needed. By the time the recommendations arrive at the Building Board, it should be understood that the projects are needed.

The Regents are re-examining the missions of each institution, to provide the legislature with additional information so that when they evaluate a project they can better determine the urgency of need. The state does not have the resources to construct the same type of building at each institution.

Rep. Pace stated that it appeared to her that most of the proposed project at SLCC had nothing to do with health sciences. Programming may tell us differently, but if SLCC needs additional classroom space, it should be termed that. A report on the institutional missions will be presented from the Regents that will help the legislators and the Building Board in their decision-making.

Rep Pace spoke of the potential for cooperative relationships with health care industries. She asked some hospital administrators what they could commit to helping solve the problem of a nursing shortage. At Dixie State College, there is at least a verbal agreement to allow future nursing students access to a new regional hospital in Saint George so that they can learn to use state-of-the-art equipment that the State cannot afford to buy. Additionally, Rep. Pace stated that hospitals often include classroom space that could be used in conjunction with an institution's health sciences program. An alternative that should be considered for Dixie State College is to use classroom space that may be available at the new hospital.

Rep. Pace spoke of the need for additional staff. Among the issues that should be considered is an investment in additional staff as opposed to merely the construction of new buildings. She hoped that the Regents develop a clearer picture of institutional needs.

Mr. Jenkins stated that he agreed with Rep. Pace's sentiments. He stated that IHC is willing to sell or give to Dixie State College vacant land adjacent to the hospital for use as a health sciences building. This arrangement would allow for a much smaller facility by making use of shared space in the hospital. The programmer will be instructed to evaluate this option. DFCM admonishes institutions not to assume that funding is guaranteed if a program is complete. A program should tell DFCM a project definition, a need, and how it would fit into the context of a University's mission. He stated that if the Regents are evaluating institutional missions, then it might be prudent to wait a month.

Sen. Evans stated that only 20-25% of the proposed SLCC building deals with health sciences. The nursing shortage is dependent upon instructors, so that need cannot be overlooked. She confirmed that the programming process should include the possibility of

collaboration with IHC. She stated that the State should not duplicate programs.

Ms. Calvert asked if the staffs at the institutions are actively pursuing partnerships with the private sector. Sen. Evans stated that a process should be initiated to evaluate the partnership between Dixie State College and IHC. She stated that the Building Board should make some recommendation today.

Mr. Nye stated that a program is not a design. DFCM intends to use the programming phase to address the concerns raised today. The programs are intended to help better define the space so that there is not a question as to what the project is.

Mr. Spencer stated that the Regents understand that programming is not a guarantee for funding. He stated that both buildings need to be programmed, because both institutions will need new space in the next five years. The health sciences projects will be on the Regents' list. Nursing will remain a high priority for Dixie State College and SLCC after the Regents re-evaluate the institutional missions. The Regents endorse the concept of examining private-sector partnerships. He stated that IHC is anxious to partner with Dixie State College.

Sen. Evans stated that everyone appears to be in agreement that the programming should be completed. It is important to look at the outstanding issues as the programming is being conducted.

Rep. Pace stated that perhaps there is not a reason to delay, given Mr. Spencer's comments.

Mr. Jenkins confirmed that DFCM will do a thorough job at managing the programming.

Mr. Hunter stated that in a public-private partnership, there needs to be an agreement on clear control on who will run the project. Unless there is an understanding of who will control the partnership, the project will not be a success.

Ms. Ward stated that there are some difficulties in attracting people to the professions of nursing, teaching, and engineering. The State and the private sector may want to consider their roles in drawing more people to these professions.

Chair Stepan stated that there are two options: 1) to table the issue or, 2) to approve the use of planning funds to initiate programming for the health sciences buildings.

Mr. Torres stated that he would like a recommendation from Mr. Jenkins. Mr. Jenkins recommended that the Building Board approve the programming projects, as most of the

concerns raised today will be addressed in the programming if it is done correctly.

Mr. Bankhead stated that the key is the programming, how it is completed, and who controls it. He asked how the Building Board and the Legislature have an impact on the programming so that things get done the way they need to be done. Mr. Jenkins stated that DFCM staff is receptive to direction given from the Building Board and the Legislature.

DFCM will give direction to the programming firm and will return to the Building Board with the final result.

Ms. Calvert asked if the programmer will actively pursue the potential for collaboration with the private sector. Mr. Jenkins replied that the relationship will be evaluated, but not actively pursued, by the programmer. It is the responsibility of DFCM and the institutions to enable the collaboration. He stated that the Building Board could rightfully decline funding for these projects unless a public-private partnership is secured beforehand.

Mr. Spencer stated that the programmer often works with Regents to validate requested need and the types of space requested. It is the institution's responsibility to look at public-private partnerships.

Ms. Calvert asked how a building could be programmed unless the partnership is agreed to in advance. Mr. Spencer replied that the partnerships as planned to this point will be considered in the programming.

MOTION: Kay Calvert moved to authorize DFCM to proceed with programming the Health Sciences Buildings at Dixie State College and at Salt Lake Community College, and that the Building Board authorize DFCM to use planning funds to cover one half the cost of programming up to \$100,000. Part of the programming should include the public-private relationships. The motion was seconded by Manuel Torres and passed unanimously.

☐ STATE OF UTAH OWNER CONTROLLED INSURANCE PROGRAM

Mr. Nye introduced this agenda item. He reviewed the concept of an owner-controlled insurance program (OCIP), a program that a number of large entities use. DFCM started its OCIP five years ago. The State purchased insurance to meet the needs of contractors and A/E's. The insurance provides Workers Compensation, liability, and professional liability insurance for those involved in the project. Contractors pay DFCM the amount that they would normally pay for their own insurance coverage. Because DFCM has a lower premium rate, the State can save money.

Part of the savings pays for a higher level of insurance than what would normally be carried

through contractors and A/E's. The savings also provide for a safety program to enhance the safety on construction projects.

The insurance contract will expire on September 18, 2003. DFCM has evaluated the costs and benefits of the program in making a decision on whether or not to extend the program.

DFCM has concluded that the benefits include a higher level of insurance coverage, lower rates, the safety program, and the fact that only one insurance company is involved in the settlement of a claim, which reduces attorney fees. There are some successes for claims being effectively settled, but other cases have not been as successful. There have been net savings of \$300,000, spread out over 29 projects completed under the OCIP program. The program includes subcontractors and everyone on the construction site.

Mr. Bankhead stated that a number of contractors are unhappy with OCIP because of the cost incurred by them. The cost to contractors should be evaluated in the process of determining whether or not to renew the program. Mr. Nye confirmed that DFCM has considered the burden imposed on contractors and subcontractors. Some firms have stated that they raise their bids for OCIP projects in order to cover the costs. DFCM has not been able to quantify the cost to contractors.

Ms. Calvert stated that the savings on legal fees are soft dollars, and asked if DFCM had quantified those savings. Mr. Nye stated that most of those costs fall to the contractors and subcontractors, and that they have not been quantified.

Mr. Nye stated that rates for professional liability have risen significantly in the past 18 months. Renewing the program would incur higher rates. The program can cloud the relationship between the parties when they are involved in claims, as a single insurance company is working to settle all sides of the claim.

Chair Stepan requested that DFCM report to the Building Board next month.

Mr. Nye stated that Argonaut Insurance, the State's provider of Workers Compensation and liability insurance, sent out termination notices to terminate the contract as of May 8, 2003 as opposed to September. The State has been working to find replacement coverage. As DFCM and Risk Management were deciding among bids for replacement insurance, Argonaut agreed to reinstate their policies through the completion of their contract. DFCM is leaning towards not continuing with the program but will not make a determination until after meeting with Risk Management.

☐ **PERCENT FOR ARTS BUDGETS IN FY 2004 CAPITAL DEVELOPMENT PROJECTS**

Mr. Jenkins introduced this agenda item. He stated that the Legislature passed a law that committed 1% of project funds for public art provided that the capital facilities committee funds the program. In the past, the committee has not funded the program due to economic difficulties. The USU Merrill Library Replacement and the New Archives Building were funded this year. After the Capital Facilities Committee had met, a compromise was made in order to fund both projects whereby \$2 million would be cut from the Merrill Library replacement and \$1 million would be cut from the Archives project. DFCM determined that it would cut 10,000 square feet out of the Merrill Library project and moved programs out of the library; we re-evaluated the cost effectiveness of the systems going into the library, including the automated storage and retrieval system. DFCM worked with the University on determining what would be cut, evaluating some of the soft costs. Among the soft costs cut were the project's percent for arts funding.

DFCM undertook the same process in the Archives project, eliminating a fully-automated storage and retrieval system. The Archives building has not been completely programmed. We cannot cut any more on the Merrill Library Replacement. Mr. Jenkins stated that he made the decision to cut the percent for arts funding for both projects in order to make them work. He notified the stakeholders, including Sen. Evans and Rep. Pace, co-chairs of the Appropriations Subcommittee. They supported the decision to cut the arts funding for these project.

Mr. Jenkins stated that the percent for arts funding makes sense, for some projects more than for others. The Merrill Library has a considerable amount of art that USU would like to display in their new facility. Percent for arts funding remains for all other project planned and under construction. DFCM thinks that the statute is not conclusive on whether or not the Director has the authority to eliminate arts funding, but the Director does have the authority to cut soft costs. The authority is normally exercised outside of the Building Board. Mr. Jenkins said that after discussing the matter with Frank McIntyre, he determined that it would be best to bring the matter to the Building Board for an opportunity for public comment.

Mr. Jenkins stated that he came to a compromise in the percent for arts funding in a telephone conversation with Mr. McIntyre. Jim Glenn, the percent for arts administrator, would have the opportunity to work with USU to determine where they would display their art, and the art that would be displayed. Mr. Jenkins thinks that USU would be agreeable to the compromise. Concerning the Archives building, Mr. Jenkins committed to allocating leftover funding towards new public art if it is available. DFCM is spending \$1,000,000 in restoring the Rio Grande Depot as part of the Archives project. Some of the arts programs will be housed there. Mr. Jenkins believes that legislative intent has been met and that, had DFCM had the time to go to the committee to cut percent for arts funds, DFCM would have most likely prevailed.

Chair Stepan invited Mr. McIntyre to address the Building Board. Mr. McIntyre invited Mr. Glenn, the coordinator of the public arts program. He stated that the program has been in place for 18 years, with installations in over 200 projects. He thanked Mr. Jenkins for putting the item on the agenda. He stated that the recommendations that Mr. Jenkins put forth in their telephone conversation were accurate.

Mr. McIntyre stated that they desire that the intent of SB 78 be fulfilled, which is to have 1% of a project dedicated to public art. While the public arts program is willing to carry a proportion of the shortfalls on the projects, he stated that they do not want to carry a disproportionate amount of the shortfall. The public arts program requests that at a \$50,000 allocation be awarded at the library in order to keep the program alive and to fulfill legislative intent.

Mr. McIntyre expressed concern about categorizing percent for arts funding as soft money, since it comes from a legislative mandate. He requested that DFCM and other stakeholders better define the parameters and execution of the percent for arts program.

Ms. Calvert stated that Utah is privileged to be able to continue forward on projects, despite the budget shortfall. DFCM's decision was a way of dealing with temporary shortfalls. She asked of the quantity of art currently in storage that could be loaned to buildings lacking the funding for new public art. Mr. Jenkins replied that there is a considerable collection of art that is often loaned out. Mr. McIntyre stated that SB 78 dictates the creation of new art that is pulled together through a community process. The distribution of the State's collection is a different issue: existing works should be placed in areas where they can be monitored and maintained. With the recommendation to place Mr. Glenn into the process of placing existing art into the two buildings, there could be a way to utilize the collection. Utilizing existing art to satisfy the public art requirement has not been done before.

Chair Stepan noted that there are great advantages to having original art in public buildings. He stated that the current situation is unique. DFCM's operating budget has been eliminated. He stated his belief that the compromise is reasonable.

Mr. Hunter stated that there is no inventory on art that is in storage in the higher education system. There is a lot of art that can be used.

Mr. Glenn stated that public art is often created specifically for the facility and the community it resides in. The art should show homage to the building and should respect the building in which it is placed. Taking a painting from a gallery and placing it in a new facility would not serve the purpose of the public art process.

Mr. Walthers asked Mr. Jenkins to clarify where additional funds from the archives project would be found in order to pay for new art. The original estimate for the ASRS was \$1,250,000, but now is \$1,400,000. Mr. Jenkins clarified that the cost of the ASRS has been modified down from \$2,500,000. DFCM is still in the process of evaluating the final cost of the ASRS. The \$1,400,000 estimate was originally determined when DFCM first decided to adjust the ASRS. A new evaluation has reduced the cost of the ASRS. DFCM is not far along enough for a fixed determination of costs. The Archives building is being reprogrammed to reflect the significant changes that have taken place since the legislative session.

Chair Stepan asked Mr. Jenkins to define the options available to the Building Board. Mr. Jenkins stated that DFCM would use art at USU. Mr. Glenn will work with USU to evaluate the placement of their art collection. As the Archives building is reprogrammed, designed, and constructed, any available cost savings will go to public art at that facility. There is a significant amount of art both in the Division of Archives and in the Division of State History that can be displayed.

Chair Stepan raised Mr. McIntyre's suggestion that DFCM raise \$50,000 at USU, and asked DFCM if it is capable of raising the funds. Mr. Jenkins replied that while it is difficult to say that one cannot come up with \$50,000 on a \$40 million building, there is no additional funding available on the Merrill Library replacement. He stated that if there is money left at the end of the project, it can be used for public art.

Chair Stepan solicited a motion from the Building Board.

MOTION: Manuel Torres moved to accept DFCM's proposal to eliminate percent for arts funding for the Merrill Library Replacement and the New Archives Building under the terms of the agreement between DFCM and the Public Arts Program. The motion was seconded by Haze Hunter.

Mr. Bankhead stated that while serving on the selection committee to hire a construction manager/general contractor for the Archives Building, he learned that on average one item is retrieved daily from the Archives.

The motion passed unanimously.

Chair Stepan stated that the Building Board remains committed to public art and will allow for the commissioning of new art at either facility if funding permits.

☐ **ADMINISTRATIVE REPORTS FOR THE UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY.....**

Mike Perez presented Brad Clawson of Campus Design and Construction who presented the administrative report for the University of Utah. In the month ending April 18th, the University of Utah awarded three design contracts for the East Ballfield restrooms, the Fort Douglas Infrastructure Improvements, Phase III, and for the CAMT Building, where the University of Utah is installing a new donated MRI. No construction projects were awarded for the period. There was no activity in the contingency reserve or project reserve funds.

MOTION: Larry Jardine moved to accept the administrative report of the University of Utah. The motion was seconded by Kerry Casaday and passed unanimously.

Brent Windley of Utah State University presented the administrative report for Utah State University. One design contract was awarded for a fire alarm generator. Four construction contracts were awarded. There are some discrepancies in construction budgets and contract amounts due to unforeseen circumstances. One project was based on a poor estimate. Two projects on the contingency reserve fund were closed out. The current delegated project list reflects 34 total projects, 18 of which are complete or substantially complete, 8 are in design, and 6 are in construction. The remaining projects are pending. The fire alarm system project has been set back due to a roof fire in the Utah State Water Lab, caused by a contractor working on a re-roofing project. Construction projects are all moving ahead as scheduled.

Mr. Beers stated that DFCM had funded \$70,000 for roof repair on the water lab project. He asked if USU will be combining the insurance money with the allocation, and asked who would manage the repair on that project.

Darrell Hart stated that he believes that the general contractor, Bailey Construction, will be supervising its roofing subcontractor on that project.

Chair Stepan asked about the Fine Arts Chiller replacement, and why it was not included in the new campus-wide chiller system. Mr. Hart stated that the building is too far away from the tunnel system for attachment. USU learned that the cost of a new chiller would be significantly more because of the need of new electrical service. USU determined to install an ice chilling system which would allow for a smaller chiller package without incurring the cost of an upgraded electrical system.

Mr. Hunter asked if the contractor had adequate insurance to repair the fire damage on the Water Lab. Mr. Beers confirmed that DFCM had money in place to conduct the roof repair, but that he wanted to make sure that the insurance money will be used to augment the roofing project.

MOTION: Manuel Torres moved to accept the administrative report of Utah State University. The motion was seconded by Larry Jardine and passed unanimously.

☐ UNIVERSITY OF UTAH ENGINEERING BUILDING

Mr. Jenkins presented this agenda item, stating that no action needed to be taken on the item. DFCM will return to the Building Board for action at a later date. He stated that the Governor started an initiative three years ago to create more engineering jobs in the State of Utah. He asked for two engineering buildings to be constructed at the University of Utah and at Utah State University. The legislature appropriated funds for both projects. The funds are in a bond. The University of Utah and USU each committed to raising funds in order to match the funds in the bonds. The University of Utah announced that it has raised a significant portion of the \$13 million required to proceed with its engineering building. DFCM would like to proceed with programming, to be paid for by University funds. Once the programming is done and the funds are ready, DFCM will seek the authorization of the Building Board to construct the project.

☐ FACILITIES MAINTENANCE DELEGATION AT THE UTAH NATIONAL GUARD

MOTION: Larry Jardine moved to table consideration of the maintenance delegation at the Utah National Guard. The motion was seconded by Steven Bankhead and passed unanimously.

☐ LONG-TERM LEASE REQUEST FOR THE UTAH HIGHWAY PATROL

Mr. Jenkins stated that the item concerns the Juab County Utah Highway Patrol dispatch station. UHP is collocating with Juab County, including their dispatch center. Juab County wanted a 20-year lease, but DFCM was able to negotiate a ten-year lease pending Building Board approval. The Building Board must approve lease agreements over five years in length.

Chair Stepan confirmed that the lease rate was \$12.00 per square foot for approximately 1,700 square feet.

MOTION: Haze Hunter moved to authorize the long term lease for the Utah Highway Patrol. The motion was seconded by Manuel Torres and passed unanimously.

☐ **FIRST RIGHT OF REFUSAL FOR SALT LAKE CITY CORPORATION FOR THE ART HOUSE.....**

Mr. Jenkins stated that the item concerned the Archives building. At the south end of the Rio Grande Depot is an Amtrak facility. Immediately south of the Depot is a cinder block facility that is one-third owned by the State of Utah and two-thirds owned by Salt Lake City. DFCM must raze the building in order to proceed with construction of the new Archives Building. The structure was appraised for \$86,000. DFCM sought to make a trade with Salt Lake City, lacking the funds to purchase the remainder of the facility from Salt Lake City. Salt Lake City agreed to delay payment on the sale of its portion of the cinder block facility if DFCM is willing to give Salt Lake City first right of refusal to purchase the Art House facility. DFCM is not encumbered to sell the Art House. Once it is sold, Salt Lake City would have the first opportunity to purchase the building.

MOTION: Kay Calvert moved to give Salt Lake City Corporation first right of refusal in the event that DFCM decides to sell the Art House. The motion was seconded by Manuel Torres and passed unanimously.

☐ **ADMINISTRATIVE REPORTS FOR DFCM**

Chair Stepan solicited comments on the administrative reports for DFCM. Mr. Jenkins stated that Jacobsen Construction is the CM/GC for the South Hall building.

Mr. Jenkins stated that the Building Board authorized SLCC to use donated funds to construct a baseball diamond on the South Jordan Campus. There was concern as to whether it should have been placed there. The Building Board approved the project on a 3-2 vote. SLCC is seeking authorization to proceed with phase 2 of the delegated project, also with donated funds.

Chair Stepan asked the cost of phase 2. Mr. Jenkins stated that the information he received did not specify. Chair Stepan requested that information, citing a concern that donated money tends to flow to campuses without sufficient Building Board input.

Mr. Jenkins stated that he voted with Chair Stepan against the measure. Chair Stepan stated that half of the project was not adequate.

Mr. Hunter inquired about the item on the administrative report concerning South Hall. The changed cost reflects the addition of the arts studio.

Chair Stepan requested a motion on phase 2 of the baseball diamond.

MOTION: Haze Hunter moved to authorize Salt Lake Community College to proceed with Phase 2 of the baseball diamond project at its South Jordan Campus. The motion was seconded by Kay Calvert and passed unanimously.

Chair Stepan acknowledged the presence of Senator Hale and Representative Becker at the Building Board meeting.

Mr. Spencer announced that Commissioner Cecilia Foxley will step down from her post in December to return to her faculty position. Chair Stepan expressed the appreciation of the Building Board for her work and cooperation.

☐ UPCOMING VALUE BASED PROCUREMENT SELECTIONS.....

Kerry Casaday agreed to participate on the selection for the CM/GC for the New West Jordan Courts Facility.

Mr. Jenkins stated that the Building Board did not need to participate on the selection committee for the contractor for the Utah Fieldhouse of Natural History Exhibits Installation.

☐ EXECUTIVE SESSION.....

Mr. Jenkins requested a motion for the Building Board to go into executive session to discuss outstanding legal issues between the State of Utah and Design West Architecture.

MOTION: Kay Calvert moved to proceed into executive session to discuss outstanding legal issues pertaining to the University of Utah Student Housing project. The motion was seconded by Haze Hunter and passed unanimously.

MOTION: Steven Bankhead moved to come out of executive session. The motion was seconded by Kay Calvert and passed unanimously.

☐ ADJOURNMENT.....

MOTION: Kay Calvert moved to adjourn the meeting at 12:19 pm. The motion was seconded by Manuel Torres and passed unanimously.

Minutes prepared by: Francis Xavier Lilly